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# THE Poultry and Egg SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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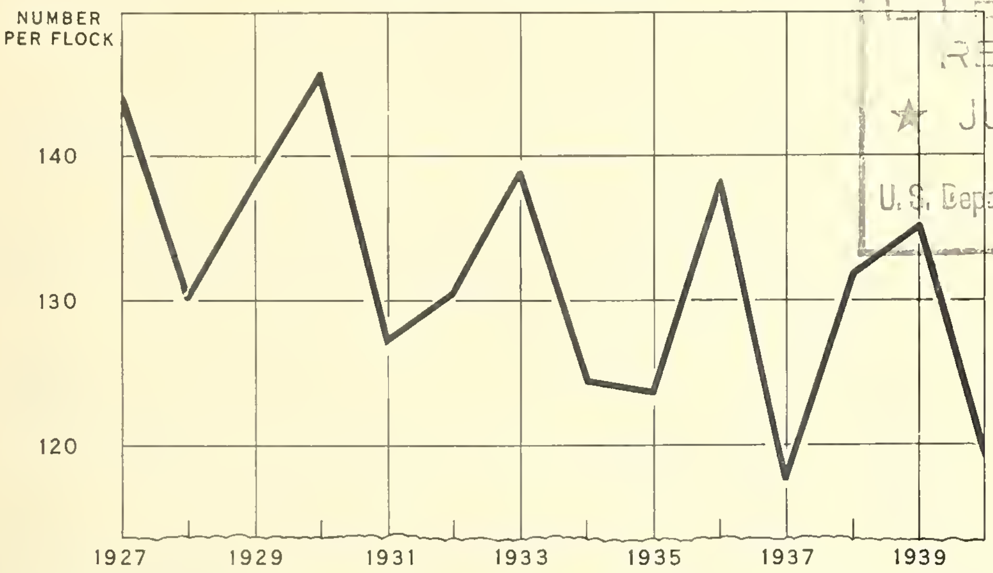
CHICKS AND YOUNG CHICKENS PER FARM FLOCK ON JUNE 1, 1927-40



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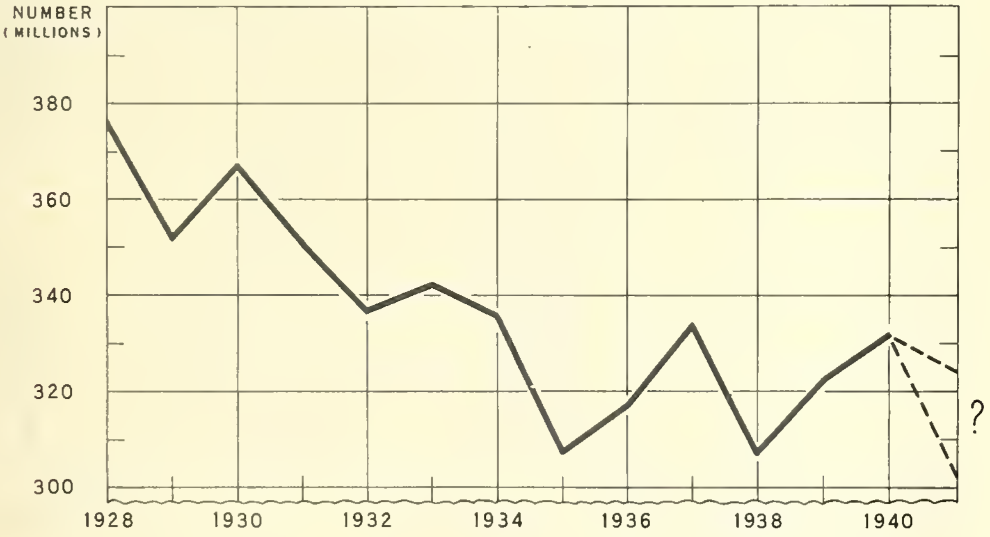
AVERAGE NUMBER OF LAYERS ON FARMS DURING JANUARY, 1928-40



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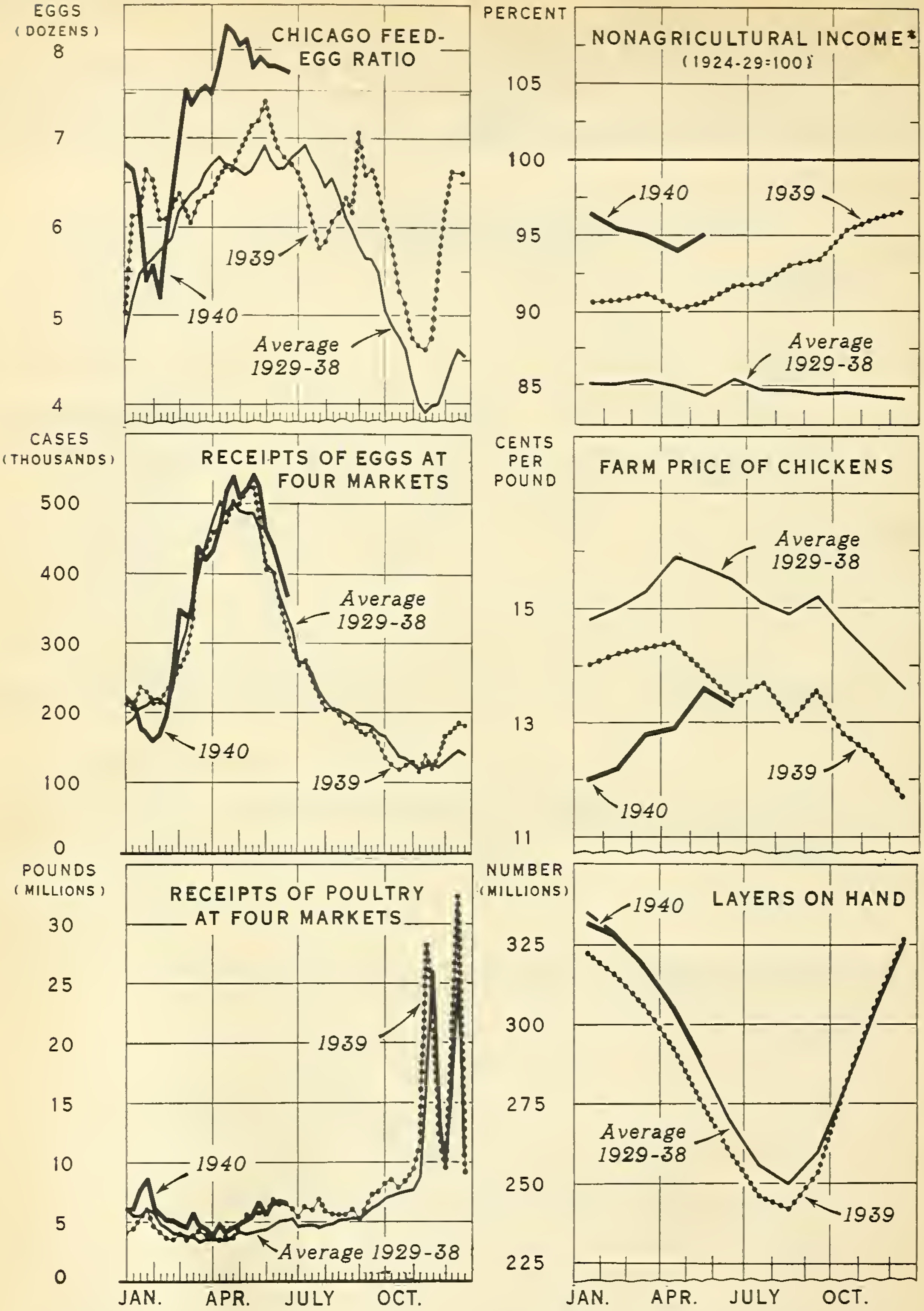
The percentage change in the number of chicks and young chickens per farm flock on June 1 usually is followed by a smaller percentage change in the number of layers on farms the following January. On the basis of past relationships between these two numbers, it seems likely that the number of layers on farms next January will be within the range indicated in the lower chart, in view of the 12 percent reduction in the number of young stock on June 1 of this year.

## THE POULTRY AND EGG SITUATION AT A GLANCE



*A. M. S. DATA, EXCEPT NONAGRICULTURAL INCOME*

**INDEX NUMBERS, ADJUSTED FOR SEASONAL VARIATION*

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FIGURE 1

# THE POULTRY AND EGG SITUATION

## Summary

The number of layers on farms in January 1941 will be from 3 to 8 percent less than in January of this year. This conclusion is based on the fact that the 1940 hatch is substantially smaller than the hatch of last year and flocks are now being culled at a normal rate. With egg production expected to be smaller in the last half of this year than a year earlier and privately held storage stocks of eggs about the same as a year earlier, smaller supplies of eggs are in prospect for the last half of this year than in the same period of 1939.

Storage operations for both shell and frozen eggs got off to a comparatively late start this season because of relatively high prices and uncertain egg quality occasioned by continued cold weather. But the accelerated into-storage movement during recent weeks has made total storage stocks of eggs, including Federal Surplus Commodities Corporation holdings, somewhat larger than a year earlier.

Prices of farm products generally declined during late May and early June, and wholesale prices declined with them. The decline in the price received by farmers for eggs from mid-May to mid-June was greater than the decline in the same period of 1939. However, egg prices probably will rise during coming months relative to prices a year earlier.

Marketings of poultry during recent weeks compared with a year earlier probably included a smaller proportion of young stock than at the same time in 1939. The number of layers and of turkey breeder hens on farms this year was larger than a year earlier, but production of baby chicks during

the first 5 months of this year was decidedly less than in the same months of 1939. Storage stocks of young chickens on June 1 were smaller than a year earlier, but stocks of turkeys were much larger and stocks of fowl were about the same as on June 1 last year.

The smaller hatch of both chickens and turkeys this year probably will more than offset the present larger stocks of all poultry, and total supplies of poultry meat for the last half of this year are expected to be less than in the last half of 1939. This will have a strengthening influence on all poultry prices, but turkey prices may be affected adversely by last season's unfavorable storage deal.

Feed costs may continue higher than a year earlier for the next few months.

## FEED-EGG RATIO

The cost of poultry feed, based on Chicago prices, was higher than a year earlier during all of the first half of 1940 and averaged the highest since the first half of 1937. As a result, the number of eggs required to buy 100 pounds of poultry feed at that market has been larger than a year earlier during most of the time since January of this year even though Chicago egg prices have averaged higher than during the first half of 1939.

The decline in the feed-egg ratio during recent weeks, as shown in the chart in figure 1 and in the following table, is the result of declining feed prices at that market. Egg prices have not yet begun their seasonal increase. The feed-egg ratio, however, may continue to be less favorable to poultry producers than a year earlier for the next few months.

Feed-egg ratio at Chicago

(Dozens of eggs required to buy 100 pounds of poultry ration)

| Year | Week ending as of 1940 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Mar. | May | June | | | | | July | | | Sept. | Dec. |
| | 30 | 25 | 1 | 8 | 15 | 22 | 29 | 6 | 13 | 20 | 28 | 28 |
| | Doz. | Doz. | Doz. | Doz. | Doz. | Doz. | Doz. | Doz. | Doz. | Doz. | Doz. | Doz. |
| Av. 1929-38 | 6.60 | 6.80 | 6.92 | 6.76 | 6.66 | 6.66 | 6.79 | 6.84 | 6.92 | 6.75 | 5.49 | 4.5 |
| 1938 | 6.70 | 5.41 | 5.44 | 5.57 | 5.73 | 5.56 | 5.50 | 5.33 | 5.31 | 5.40 | 4.10 | 4.3 |
| 1939 | 6.75 | 7.21 | 7.45 | 7.14 | 6.90 | 6.78 | 6.71 | 6.61 | 6.37 | 6.05 | 6.39 | 6.6 |
| 1940 | 7.59 | 7.92 | 7.82 | 7.82 | 7.78 | 7.74 | | | | | | |

## HATCHINGS

The increased unfavorableness of the feed-egg ratio as the hatching season progressed this year largely accounts for the much smaller hatch to date as compared with a year earlier. Commercial production of baby chicks from January through May of this year was 14 percent smaller than in the same months of 1939. Increases in the hatch over a year earlier may occur in some months in the last half of this year, but the demand for these chicks will come mainly from commercial broiler producers, an outlet accounting for a relatively small part of the year's total hatch.

The number of chicks and young chickens in farm flocks on June 1 of this year was 12 percent less than a year earlier.

During the 5 months ended with May of this year commercial hatcheries produced 16 percent fewer turkey poults than a year earlier. The decline in total turkey production from a year earlier, however, may be less than this, depending upon whether producers have carried out their February intentions to home hatch a larger number of poults this year than in 1939.

Average number of chicks and young chickens per farm flock

| Year | May 1 | June 1 | July 1 |
|---|---|---|---|
| | Number | Number | Number |
| Average 1929-38 | 88.0 | 131.6 | 134.9 |
| 1937 | 82.4 | 117.8 | 117.4 |
| 1938 | 94.5 | 131.7 | 132.6 |
| 1939 | 99.6 | 135.2 | 136.0 |
| 1940 | 81.4 | 119.5 | |

### Poultry marketings

Receipts of dressed poultry, which have averaged about the same as a year earlier during recent weeks, probably include a smaller proportion of young chickens than in the same weeks of 1939. This is a joint result of the smaller hatch this spring than last, turkey breeder hens as numerous as in the spring of 1939, and a somewhat larger number of fowl on farms this spring than a year earlier. Young stock will continue to account for a smaller proportion of poultry receipts, and weekly marketings of all poultry are expected to average smaller during the last 6 months of this year than a year earlier, both probabilities reflecting the smaller hatch of both chickens and turkeys this year than in 1939.

Receipts of dressed poultry at four markets
(New York, Chicago, Philadelphia, Boston)

| Year | Week ending as of 1940 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | May | June | | | | | July | | Aug. |
| | 25 | 1 | 8 | 15 | 22 | 29 | 6 | 13 | 31 |
| | 1,000 pounds | 1,000 pounds | 1,000 pounds | 1,000 pounds | 1,000 pounds | 1,000 pounds | 1,000 pounds | 1,000 pounds | 1,000 pounds |
| Average: 1929-38 | 4,350 | 4,429 | 4,714 | 5,047 | 5,117 | 5,310 | 4,643 | 4,795 | 5,370 |
| 1938 | 5,341 | 4,389 | 5,174 | 5,054 | 5,240 | 5,349 | 4,678 | 5,304 | 5,005 |
| 1939 | 5,749 | 5,668 | 6,823 | 6,436 | 6,515 | 6,139 | 5,357 | 6,300 | 6,081 |
| 1940 | 6,671 | 5,522 | 6,609 | 6,726 | 6,584 | | | | |

## Poultry storage

Storage holdings of all poultry in the United States decreased less tha seasonally during May, and records for the 26 markets indicate a net increase in storage holdings for the early weeks of June. This net into-storage movement probably is largely due to increased marketings of turkey breeding hens and fowl (mature hens). Although storage holdings may continue larger than a year earlier for several months, stocks remaining in storage at the end of 1940 are expected to be less than a year earlier because of the smaller hatch of both chickens and turkeys this year compared with 1939.

Storage stocks of frozen poultry at 26 markets

| Year | Week ending as of 1940 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Storage stocks May 25 | Storage movement, June | | | | | Storage stocks June 29 |
| | | 1 | 8 | 15 | 22 | 29 | |
| | 1,000 pounds | 1,000 pounds | 1,000 pounds | 1,000 pounds | 1,000 pounds | 1,000 pounds | 1,000 pounds |
| Average 1929-38 | 38,335 | -1,413 | -1,043 | - 412 | - 14 | - 174 | 35,279 |
| 1939 | 47,572 | + 327 | + 668 | - 42 | + 506 | - 783 | 48,248 |
| 1940 | 58,757 | - 272 | + 356 | +2,048 | +1,634 | | |

## Poultry prices

The increase since January in the average price received by farmers for chickens was more than seasonal, but the June 15 price of 13.3 cents was slightly below the price of a year earlier and was about 2 cents below the 10-year average for that date. The smaller storage stocks of most classes of chickens and the smaller hatch this year compared with last are expected to bring about higher average chicken prices to farmers during the remainder of 1940.

The losses to storage operators as a result of the unfavorable turkey storage deal of the past season and the large stocks of turkeys now in storage will be factors tending to affect adversely the average price received by farmers for turkeys this coming fall.

Price per pound received by farmers for chickens

| Year | Jan. 15 | Feb. 15 | Mar. 15 | Apr. 15 | May 15 | June 15 | July 15 | Aug. 15 | Sept. 15 | Oct. 15 | Nov. 15 | Dec. 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents |
| Average: | | | | | | | | | | | | |
| 1929-38 | 14.8 | 15.0 | 15.3 | 15.9 | 15.7 | 15.5 | 15.1 | 14.9 | 15.2 | 14.6 | 14.1 | 13.6 |
| 1938 | 16.7 | 16.0 | 15.9 | 16.2 | 16.1 | 15.7 | 15.0 | 14.2 | 14.3 | 13.6 | 13.6 | 13.6 |
| 1939 | 14.0 | 14.2 | 14.3 | 14.4 | 13.9 | 13.4 | 13.7 | 13.0 | 13.6 | 12.7 | 12.4 | 11.7 |
| 1940 | 12.0 | 12.2 | 12.8 | 12.9 | 13.6 | 13.3 | | | | | | |

Number of layers on farms

The number of layers on farms reaches a peak in January and then declines gradually until the following August, as indicated in the following table and in the chart in figure 1. Since a large proportion of the layers are replaced during the fall and early winter by young stock from the current year's hatchings, it is possible to forecast the number of layers on farms in each January on the basis of the number of chicks and young chickens in farm flocks on the preceding June 1.

The two charts on the cover page indicate the general relationship between these two series in past years, and figure 2 indicates more specifically the percentage change from the preceding year in the number of layers in January that can be expected from a given percentage change from the preceding years in the number of chicks and young chickens in farm flocks on the preceding June 1. On the basis of this relationship in past years and the 12 percent fewer chicks and young chickens in farm flocks on June 1, from 3 to 8 percent fewer layers may be expected on farms in January 1941 than a year earlier. This range is indicated in the lower chart on the cover page of this report.

The decline in the number of layers on farms from now until the low point is reached in August probably will be only seasonal, but the increase thereafter will tend to be less than seasonal on account of the smaller number of young stock available for replacements.

The number of hens and pullets on farms in January reached a record high figure in 1928. This was followed by a definite downward trend until 1935. Since the latter year there appears to have been some leveling off of numbers and a general tendency for 2 years' increase in numbers to be followed by 1 year of decline in numbers.

## LAYERS ON FARMS DURING JANUARY, AND CHICKS AND YOUNG CHICKENS PER FARM FLOCK ON THE PRECEDING JUNE 1, 1929-40

( PERCENTAGE CHANGE FROM PRECEDING YEAR )

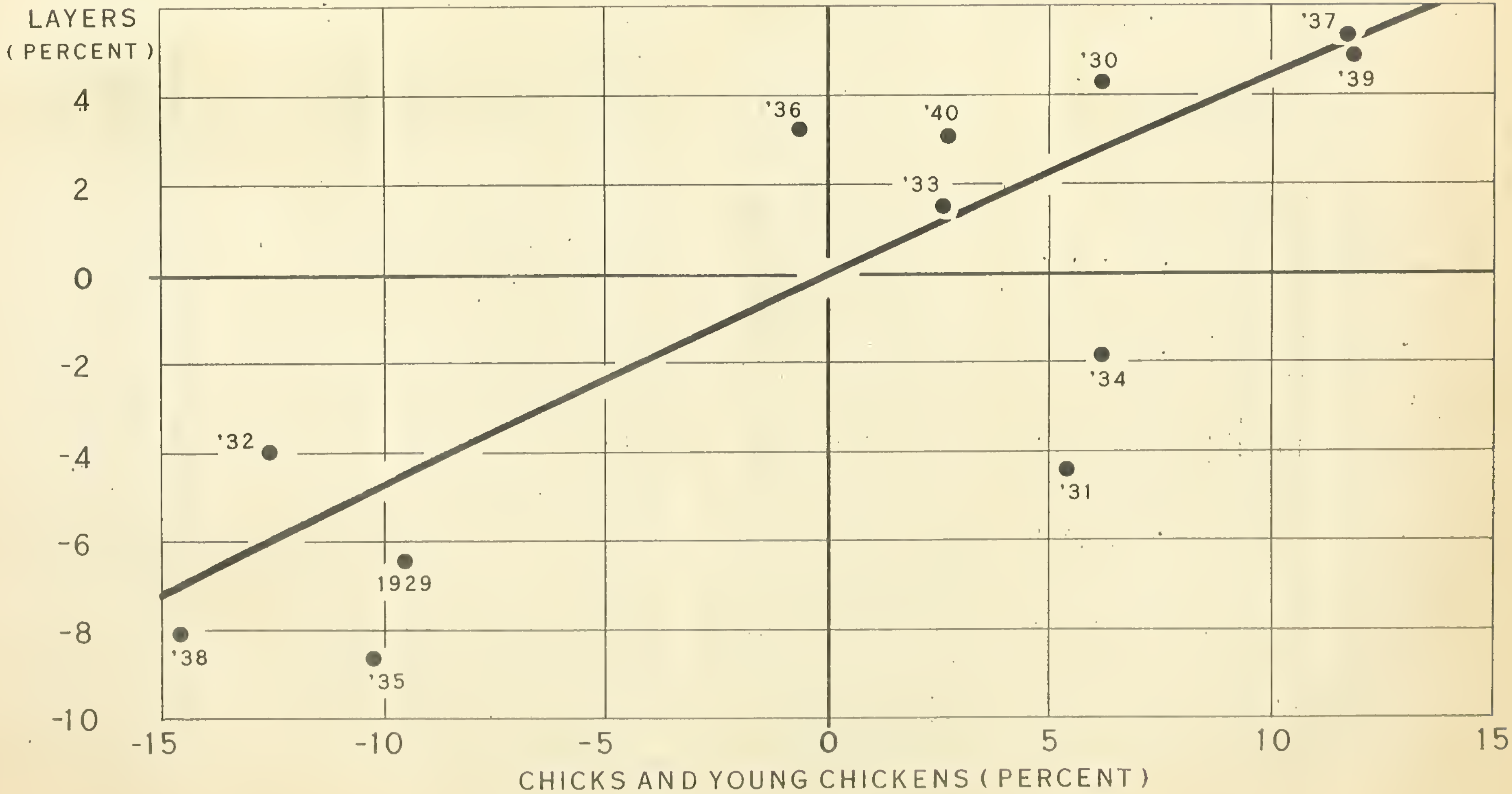

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FIGURE 2

Number of layers on farms, United States

| Year | Jan. | Feb. | Mar. | Apr. | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Millions | Millions | Millions | Millions | Millions | Millions | Millions | Millions | Millions | Millions | Millions | Millions |
| Average: 1929-38 | 335 | 328 | 318 | 304 | 287 | 270 | 256 | 250 | 259 | 280 | 303 | 325 |
| 1938 | 307 | 301 | 292 | 278 | 262 | 248 | 236 | 234 | 245 | 269 | 293 | 314 |
| 1939 | 322 | 316 | 306 | 292 | 276 | 260 | 246 | 242 | 253 | 279 | 305 | 326 |
| 1940 | 332 | 327 | 318 | 304 | 289 | | | | | | | |

## Egg production

Since the seasonal variation in the rate of egg production per hen is several times greater than the seasonal variation in the number of layers on farms, changes from month to month in the total number of eggs produced in the United States are brought about largely by changes in the rate of lay. Deviations from the usual seasonal pattern of monthly egg production, however, are influenced both by changes in numbers of layers and by changes in the rate of lay. Year-to-year changes in the latter are largely a result of changes in feeding practices and changes in weather conditions.

With the expected smaller number of layers during the latter part of the year, egg production in the last half of 1940 may be less than a year earlier. In late 1939 the weather was unusually mild - less favorable weather in late 1940 also would tend to curtail egg production. Production in the first half of this year was larger than during the first 6 months of 1939.

Total farm production of eggs, United States

| Year | Jan. | Feb. | Mar. | Apr. | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Mil. cases | Mil. cases | Mil. cases | Mil. cases | Mil. cases | Mil. cases | Mil. cases | Mil. cases | Mil. cases | Mil. cases | Mil. cases | Mil. cases |
| Average: 1929-38 | 5.9 | 7.9 | 12.5 | 14.1 | 13.3 | 10.6 | 9.0 | 7.7 | 6.4 | 5.2 | 4.0 | 4.4 |
| 1938 | 6.7 | 8.3 | 12.5 | 13.5 | 12.6 | 10.3 | 8.9 | 7.6 | 6.4 | 5.6 | 4.8 | 5.5 |
| 1939 | 7.2 | 8.5 | 12.6 | 13.8 | 13.0 | 10.6 | 9.1 | 7.8 | 6.5 | 5.7 | 5.1 | 6.1 |
| 1940 | 6.7 | 8.2 | 12.7 | 14.0 | 13.7 | | | | | | | |

Average number of eggs produced per layer, United States

| Year | Jan. | Feb. | Mar. | Apr. | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. |
| Average: 1929-38 | 6.3 | 8.6 | 14.2 | 16.6 | 16.7 | 14.2 | 12.7 | 11.1 | 8.9 | 6.7 | 4.8 | 5.0 |
| 1938 | 7.9 | 9.9 | 15.4 | 17.5 | 17.3 | 14.9 | 13.6 | 11.8 | 9.4 | 7.5 | 5.9 | 6.4 |
| 1939 | 8.0 | 9.7 | 14.9 | 17.0 | 17.0 | 14.6 | 13.2 | 11.7 | 9.3 | 7.4 | 6.0 | 6.8 |
| 1940 | 7.2 | 9.0 | 14.4 | 16.5 | 17.0 | | | | | | | |

## Egg storage

The into-storage movement for both shell and frozen eggs got off to a comparatively late start at the beginning of this storage season, largely because of relatively high prices and uncertain egg quality following the severe January-February cold spell. The into-storage movement since about April 1, however, has been heavier than usual, and total United States stocks on June 1, including F. S.C.C. holdings, were larger than a year earlier for the first time during the current storing season. Although the volume of privately owned shell eggs in storage (i.e., excluding F.S.C.C. holdings) was smaller than a year earlier, the quantities of frozen eggs were larger, and the two combined made total privately owned stocks nearly the same as a year earlier.

Stocks of eggs probably will continue to accumulate at about the seasonal rate until the usual annual peak is reached on August 1; the rate of decline thereafter may be greater than a year earlier, since production is likely to be less than in the same months of 1939.

Storage stocks of eggs at twenty-six markets

| Year | Week ending as of 1940 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Storage stocks May 25 | Into-storage movement, June 1 | 8 | 15 | 22 | 29 | Storage stocks June 29 |
| | 1,000 cases | 1,000 cases | 1,000 cases | 1,000 cases | 1,000 cases | 1,000 cases | 1,000 cases |
| Shell | | | | | | | |
| Average, 1929-38 | 4,350 | 353 | 297 | 241 | 195 | 142 | 5,583 |
| 1939 | 3,760 | 338 | 279 | 249 | 156 | 86 | 4,868 |
| 1940 | 3,752 | 323 | 377 | 341 | 257 | | |
| Frozen | | | | | | | |
| 1939 | 1,834 | 102 | 112 | 117 | 109 | 71 | 2,345 |
| 1940 | 1,709 | 157 | 131 | 136 | 141 | | |

## Egg prices

Lower egg prices to date in 1940 compared with a year earlier are chiefly due to larger supplies since consumer purchasing power has been maintained at a relatively high level since the fall of 1939. However, egg prices during the remainder of 1940 may tend to rise relative to prices a year earlier. Total supplies are likely to be smaller and consumers' incomes are expected to be at least as large as in the last half of 1939.

Price per dozen received by farmers for eggs

| Year | Jan. 15 | Feb. 15 | Mar. 15 | Apr. 15 | May 15 | June 15 | July 15 | Aug. 15 | Sept. 15 | Oct. 15 | Nov. 15 | Dec. 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents |
| Average: 1929-38 | 24.2 | 20.3 | 17.3 | 16.8 | 16.8 | 16.8 | 18.1 | 19.9 | 23.2 | 26.2 | 30.1 | 28.8 |
| 1938 | 21.6 | 16.4 | 16.2 | 15.9 | 17.6 | 18.2 | 19.9 | 21.0 | 24.9 | 27.1 | 29.0 | 27.9 |
| 1939 | 18.8 | 16.7 | 16.0 | 15.5 | 15.2 | 14.9 | 16.5 | 17.5 | 20.6 | 22.9 | 25.8 | 20.5 |
| 1940 | 18.3 | 20.2 | 15.4 | 15.0 | 15.1 | 14.4 | | | | | | |

## DOMESTIC DEMAND

Consumers' incomes did not decline nearly as much as industrial production from the high point reached last December to May of this year. Hence, the improvement in consumer buying power during the next several months may be correspondingly less than the increase in industrial activity which began in May. Consumers' purchasing power, however, probably will continue above the level of a year earlier for the next several months, since the present level is several points above that of a year earlier. The sudden pick-up of steel output is mainly responsible for the sharp rise in the index of industrial activity to date.

Index numbers of nonagricultural income

(1924-29 = 100, adjusted for seasonal variation)

| Year | Jan. | Feb. | Mar. | Apr. | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| verage 929-38 | 85.2 | 85.1 | 85.4 | 85.0 | 84.3 | 85.4 | 84.7 | 84.7 | 84.4 | 84.5 | 84.2 | 84.1 |
| 1938 | 88.9 | 88.1 | 87.9 | 87.0 | 86.1 | 86.1 | 86.2 | 88.0 | 88.3 | 89.0 | 89.8 | 90.3 |
| 1939 | 90.6 | 90.6 | 91.1 | 90.1 | 90.5 | 91.7 | 91.8 | 93.1 | 93.4 | 95.4 | 96.1 | 96.6 |
| 1940 | 96.4 | 95.4 | 95.0 | 94.0 | | | | | | | | |

## INDEX OF SPECIAL SUBJECTS DISCUSSED IN THE POULTRY AND EGG SITUATION

| Subject | Pages | Issue |
|---|---|---|
| Forecast of number of layers on farms in January 1, 1941 | 7 | This issue |
| A comparison of four feed-egg ratios | 10-13 | May 1, 1940 |
| Special outlook report for turkeys | 12-14 | April 2, 1940 |
| Changes in method of reporting egg production and number of layers | 7 | April 2, 1940 |
| Forecast of 1940 hatchings and chicks and young chicks on farms, June 1, 1940 | 5-6 | March 2, 1940 |
| Estimated storage margin on shell eggs per dozen, average 1916-35 and 1925-34, annual 1935-39 | 11-12 | March 2, 1940 |
| 1916-37 | 9 | February 1, 1938 |
| Change in official index of seasonal variation of farm egg prices | 9 | February 2, 1940 |
| Feed-egg ratio defined | 10-11 | December 4, 1939 |
| Nonagricultural income index revised, by months, 1929-39 | 11-12 | December 4, 1939 |
| Effects of the World War and possible effects of the present war | 4-7 | November 10, 1939 |
| Long-time factors in the chicken and egg outlook | 13-14 | November 10, 1939 |
| Long-time factors in the turkey outlook | 20-22 | November 10, 1939 |
| Production of poultry feed grains and November feed-egg ratio | 4-5 | September 1, 1939 |